



COMESA Competition Commission
Kang'ombe House, 5th Floor-West Wing
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 (0) 1 772 466
Email- compcom@comesa.int



**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2018/01/JB/06

Decision¹ of the Thirty Eighth Committee Responsible for Initial Determination on the Application for Authorisation of the Merger between Building Supply Group (Proprietary) Limited by Steinhoff Doors and Building Materials (Proprietary) Limited.

ECONOMIC SECTOR: Building Materials

30th January 2018 – Johannesburg, South Africa

¹ In the published version of this decision, some information may have been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 29th June 2017, the COMESA Competition Commission (hereinafter referred to as the "Commission") received an application for authorisation of a merger between Building Supply Group (Proprietary) Limited (hereinafter referred to as "BSG") and Steinhoff Doors and Building Materials (Proprietary) Limited (hereinafter referred to as "Steinhoff Doors").
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

The Parties

Steinhoff Doors

4. Steinhoff Doors is a company registered in South Africa which is ultimately controlled by Steinhoff International Holdings S.V ("SIH"). Steinhoff Doors does not own any assets, in any COMESA Member State. However, Steinhoff Doors does from time to time export goods to Zimbabwe on an ad hoc basis. In addition, Steinhoff Doors licences a franchisee to operate a specialist store, Timbercity in Lusaka, Zambia, which deals in the selling of building materials with specific focus on timber, cabinetry and carpentry products, hardware and related goods and services to the tradesmen and the Do-It-Yourself ("DIY") market.

BSG (the Target)

5. BSG is a wholesaler which supplies a wide range of taps, sanitaryware, tiles and flooring and general hardware products under the MacNeil, Tiletoria and One Owl brand names into DRC, Kenya, Malawi, Swaziland, Zambia and Zimbabwe.

Nature of the Transaction

6. The transaction entails the acquisition of sole control of BSG by Steinhoff Doors.
Competition Analysis

7. The CID defined the relevant market as the global supply of building material. The CID observed that the market for building material is fragmented and therefore it is unlikely that the transaction would lead to a fundamental alteration of the market structure that would raise competition concerns. The CID further observed that there are significant trade flows of general and specialist building materials into the Common Market and the merger is not likely to raise foreclosure concerns as the market shares of the merging parties are insignificant.

Determination

8. The CID determined that the merger is not likely to lessen competition in the Common Market and will not have an adverse effect on trade between Member States. Further that it does not negate the COMESA Treaty objective of full market integration. The CID therefore approved the merger.

This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 30th of January 2018



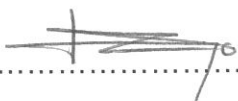
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Commissioner Thabisile Langa (Chairperson)



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Commissioner Trudon Nzembela
(Member)



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Commissioner Chilufya Sampa
(Member)